अफेयर्स मिनिस्टर से बात की है...(व्यवधान)...

**डा॰ कुमकुम राय:** सभापति जी...(व्यवधान)...

**श्री सभापति:** आप बीच में मत बोलिए...(व्यवधान)...मैंने उनसे बात की है, वे मंत्री महोदय से बात करेंगें...(व्यवधान)...जब वे उत्तर देंगे...(व्यवधान)...उस समय आप यह मामला उठा लें ...(व्यवधान)...

**श्री एस॰एस॰ अहलुवालिया:** सभापति जी, उसके बाद एक और घटना घटी है...(व्यवधान)...

**श्री सभापति:** घटनाएं तो रोज घटेंगी...(व्यवधान)...

**श्री रवि शंकर प्रसाद:** सभापति जी, पचास साल के इतिहास में यह हुआ...(व्यवधान)...

**श्री सभापति:** देखिए, आप बहुत जिम्मेदार आदमी हैं, मैं खड़ा हूं और आप खड़े हो रहे हैं।

SHRI GIREESH KUMAR SANGHI: Question No. 281.

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## ORAL ANSWERS TO QUESTIONS

### Lending to States by World Bank

*281. SHRI GIREESH KUMAR SANGHI:†
DR. T. SUBBARAMI REDDY:

Will the Minister of FINANCE be pleased to state:

(a) whether World Bank has signalled its intention to open up new opportunity for engagement with India's largest and poorest States;

(b) if so, whether World Bank has changed its strategy for lending to States;

(c) whether World Bank group strategy has decided to retain an essential reform and performance-based approach to States;

(d) if so, to what extent this new strategy of World Bank has affected India for lending; and

(e) to what extent India has been able to follow changes that have been made by World Bank for lending?

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†The question was actually asked on the floor of the House by Shri Gireesh Kumar Sanghi.

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (e) A Statement is placed on the Table of the House.

(a) Yes, Sir.

(b) and (c) The Country Strategy (CAS) of the World Bank for 2004-2008 identifies the need to reorient Bank lending so that it has the maximum impact on the poorest States. This is a departure from the World Bank's earlier policy that had "focus" States, which were higher on the reforms ladder.

(d) and (e) The strategy for the poorer States proposed by the Bank over the period, envisages a combination of public investment, reform initiatives, institution building and capacity development. The Government welcomes the proposed step-up in World Bank's assistance, which would be focussed on poverty alleviation in a more directed manner. The CAS has been initiated only in September 2004.

SHRI GIREESH KUMAR SANGHI: Sir, I would like to know from the hon. Minister the sectors that have benefited by the World Bank lending. I would also like to know the role that is being played by the Centre in the World Bank lending to States. You have mentioned that the States have to comply with the new guidelines of the World Bank for getting loan for specific sectors. Is it true? If yes, the Government may provide details of the new guidelines of the World Bank.

SHRI P. CHIDAMBARAM: Sir, sectors which are benefited by the World Bank lending are potable drinking water, universal primary education, combating HIV, AIDS, malaria and other diseases, closing the gender gap, environmental sustainability, and if you break it down, broadly, human resource development gets about 17 per cent, rural development about 21 per cent, energy and infrastructure about 47 per cent and others 15 per cent. The strategy is now to focus on the poorer States. This is bacause the development of the country is uneven and we find that most of the World Bank's direct lending is going to a small number of States. The focus is now shifting to the poorest of the States.

SHRI GIREESH KUMAR SANGHI: Sir, now our balance of payment position is good, and we have huge foreign exchange reserves. Can we not raise the loans directly under a cheaper rate of interest? Is the

Government thinking in terms of swapping the World Bank loans by raising cheaper loans? How much interest are we paying to the World Bank?

SHRI P. CHIDAMBARAM: Sir, it is a misconception about the World Bank loans. We are among the founders of this institution. We sit on the Executive Board of the World Bank. The World Bank's business is to lend to countries. India is, in fact, among the largest borowers from the World Bank. We are the World Bank's best customer. Therefore, I think we should borrow from the World Bank. The World Bank, of course, lends under two windows. One is IBRD and the other is, IDA. The IDA loans come at a very low rate. The IBRD loans also come at concessional rates. I think, we should continue to borrow from the World Bank as long as we have got good bankable projects. The World Bank is happy to lend to bankable projects. We should be happy to borrow for bankable projects.

SHRI P.G. NARAYANAN: Mr. Chairman, Sir, I want to know from the hon. Minister whether the Government has taken a decision about the World Bank's dealing directly with the States, instead of dealing with the Union Government's Finance Ministry. If so, what are the norms that the Central Government has stipulated to the Bank in dealing with these States?

SHRI P. CHIDAMBARAM: Sir, some years ago, we encouraged the World Bank and the States to talk to each other directly so that their projects can be posed to the World Bank. But, ultimately, every proposal has to go through the Central government; it has to be the part of the country's strategy approved by the Central Government.

SHRI RAVI SHANKAR PRASAD: Sir, through you, I would like to know from the hon. Minister, because just now in reply to the original question the hon. Minister said that only a select group of States are the recipients of the World Bank loans and the poorer States are not, Sir, part (a) of my supplementary is, why is this reluctance? Part (b), are the bankable projects not available in these States?

Part (c), if this is the position, is the Government of India doing something to educate these States so that they can come forward to receive this grant meant for the poorer people?

SHRI P. CHIDAMBARAM: Sir, the World Bank will lend only if there is essentially a reformed-based approach and a performance-based approach. In the past, for example, during the period 2001-02 to 2003-04, in the previous CAS, the bulk of the World Bank's direct lending went to Gujarat,

Tamil Nadu, Karnataka, Andhra Pradesh, Maharashtra and Uttar Pradesh. And, in Uttar Pradesh, the results were mixed.

Now, what we are trying to do in the period 2004-08, in four years, we should try to shift the focus to the poorer States, and if all goes well, if our country's strategy is accepted and implemented, I expect that Uttar Pradesh, Orissa, Madhya Pradesh, Rajasthan will get a significantly higher share than what they got in the previous three years. In fact, out of 7.78 billion-that is lined up for World Bank's direct lending to the States-if our strategy works and States cooperate and they show performance-I expect, Maharashtra, Uttar Pradesh, Orissa, Madhya Pradesh, all to get about eight to nine per cent of this amount each. Earlier they were getting very small amounts. Now, we hope that the poorer States will get a larger share.

MR. CHAIRMAN: Now, Question No. 282.

SHRI RAVI SHANKAR PRASAD: Nothing for Bihar! *(Interruptions)* Please say something about Bihar.

SHRI DIPANKAR MUKHERJEE: Don't bring Bihar here.

SHRI P. CHIDAMBARAM: All right. There is no problem. Bihar, in the next four years, we have been able to identify so far about four per cent of the amount that I mentioned. But we still have another 22 per cent where the States have to be identified. Out of this 22 per cent also, if they present bankable projects, some portion will, I hope, go to Bihar.

**Prohibition of contract labour**

*282. SHRI DIPANKAR MUKHERJEE:†
SHRI CHITTABRATA MAJUMDAR:

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether Airports Authority of India (AAI) had gone to the Delhi High Court for obtaining a stay order on the Labour Ministry's Notification No. S.O./848 (E) dated the 26th July, 2004 prohibiting employment of contract labour in the job of trolley retrieval;

†The question was actually asked on the floor of the House by Shri Dipankar Mukherjee.